

Commonwealth of Massachusetts

Federal Legislative Update

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Governor Deval L. Patrick



Official Seal of the Commonwealth

House Passes Resolution to Embark on Budget Cuts

On Tuesday, January 25th, the full House passed a resolution (H. Res. 38) to set overall spending limits for the remainder of FY2011 in a vote of 256 to 165. H. Res. 38 permits the republican Budget Committee Chairman Ryan to set a cap on overall spending that the House Appropriations Committee must adhere to as its different subcommittees allocate funds for the fiscal year. The Appropriations Committees will need to finish establishing remaining FY2011 levels before the current FY2011 continuing resolution expires on March 4th.

The resolution caps the FY2011 budget at FY2008 levels or less, yet spares security spending from this total. Security spending includes appropriations from the Defense, Military Construction/Veterans Affairs (MILCON/VA), and Homeland Security budgets. Areas of discretionary spending that are subject to cuts include programs within the Departments of Energy, Transportation, Labor, Education, Commerce, Justice, and the EPA, whose collective appropriations accounts comprise only 15% of the budget as a whole.

The resolution permits Chairman Ryan to set spending for specific budget functions as he sees fit. Members of Congress are floating several different proposals for Chairman Ryan's consideration, including the "Spending Reduction Act" introduced by Rep. Jim Jordan, chairman of the Republican Study Committee, which would set non-security spending back to 2006 levels and eliminate or drastically cut over 50 federal programs. The proposal would cut \$2.5 trillion in spending over the next decade by eliminating entire federal budgets and subsidies, such as the U.S. Agency for International Development (\$1.39 billion budget), the Corporation for Public Broadcasting (\$445 annual subsidy), and Amtrak (\$2.5 billion subsidy). It would also make deep cuts to programs such as high speed rail grants (\$2.5 billion in cuts), Community Development Fund (\$4.5 billion in cuts), the Energy Star program (\$52 in cuts), and DOE Weatherization grants (\$530 million in cuts). The proposal would cut the federal work force by 15 percent and freeze automatic pay raises for government employees for five years.

Hearings This Week:

Senate:

Environment & Public Works Committee

"Transportation's Role in Supporting Our Economy and Job Creation"
Committee Hearing
January 26, 10:00 a.m., 406 Dirksen Building

Budget Committee

"The Budget and Economic Outlook: FY2011-FY2012"
Committee Hearing
January 27, 10:00 a.m., 608 Dirksen Building

Judiciary Committee

"Patent Reform Act of 2011" and Nominations
Committee Markup
January 27, 10:00 a.m., 226 Dirksen Building

Small Business & Entrepreneurship

"Encouraging Entrepreneurship in Economically Disadvantaged, Rural and Traditionally Under-Served Areas"
Committee Hearing
January 27, 10:30 a.m., 428-A Russell Building

House:

Judiciary Committee

H.R. 10, the "Reservations from the Executive in Need of Scrutiny (REINS) Act"
Courts, Commercial & Administrative Law Subcommittee Hearing
January 24, 4:00 p.m., 2141 Rayburn

Judiciary Committee

"Data Retention as a Tool for Investigating Internet Child Pornography and Other Internet Crimes"
Crime, Terrorism, and Homeland Security Subcommittee Hearing
January 25, 10:00 a.m., 2141 Rayburn Building

Ways & Means

Pending trade agreements with Colombia, Panama and South Korea, and the creation of U.S. jobs
Committee Hearing
January 25, 10:00 a.m., 1100 Longworth Building

Oversight & Government Reform

"Bailouts and the Foreclosure Crisis: Report of the Special Inspector General for the Troubled Asset Relief Program (TARP)"
Committee Hearing
January 26, 9:30 a.m., HVC-210

Budget Cuts, Continued

It is unclear whether Rep. Jordan's proposal will receive GOP leadership support and it is likely too radical to secure needed agreement from the Senate and President Obama. In order to pass both Houses, both parties will need to come to a middle ground on budget cuts.

The State of the Union

President Obama's State of the Union Address, the second of his term in office, is scheduled for Tuesday, January 25th before a joint session of Congress.

The President is expected to focus his speech on a few key topics rather than a myriad of policy proposals. In a preview of his speech released over the weekend, the President indicated that he would focus his remarks on rebuilding the economy, as well as creating jobs, increasing competitiveness and fostering innovation. In response to GOP calls for spending cuts, the President will argue for targeted spending cuts. He is also expected to call for a deficit neutral overhauling of the corporate tax code, and will defend health care reform.

Following the shootings in Tucson, Arizona on January 8th, Congress has pledged to work with more civility. To that end, some members of Congress are promising to mix up the seating for the State of the Union Address, where members traditionally sit with members of their own party. The typical seating arrangement has symbolized partisanship as members of the President's party sitting on one side of the House chamber rise and cheer throughout the speech while opposition party members remain seated.

Ways & Means Begins Tax Reform Hearings

On Thursday, January 20th, the House Ways and Means Committee began a series of hearings on reforming the federal tax system. The hearings examined administrative and economic burdens imposed by the federal income tax.

During Thursday's hearing, panelists slammed the complexity of the tax code, arguing that the current structure is overly complicated and inefficient. Individuals and businesses spend about 6.1 billion hours each year organizing their filings to comply with the tax code. In addition, the IRS spent \$163 billion, or 11 percent of aggregate income tax receipts, in 2008 alone to assure individuals and corporations complied with the tax code.

House Representatives and the Obama administration are discussing the possibility of overhauling the corporate tax system, a top priority for domestic-based and foreign-owned multinational corporations. The U.S. is one of only a few countries to tax domestic corporations on profits made abroad. Reformers hope to advance American's global competitiveness by making the U.S. more appealing to overseas investors, while at the same

Hearings, Continued

Budget Committee

Fiscal impact of "Patient Protection and Affordable Care Act" and the "Health Care and Education Reconciliation Act of 2010"
January 26, 10:00 a.m., 210 Cannon Building

Financial Services

"Promoting Economic Recovery and Job Creation: The Road Forward"
Committee Hearing
January 26, 10:00 a.m., 2128 Rayburn Building

Ways & Means

"The Health Care Law's Impacts on Jobs, Employers, and the Economy"
Committee Hearing
January 26, 10:00 a.m., 1100 Longworth Building

Armed Services

"Proposed Department of Defense Budget Reductions and Efficiencies Initiatives"
Committee Hearing
January 26, 10:00 a.m., 2118 Rayburn Building

Energy & Commerce

"The Views of the Administration on Regulatory Reform"
Oversight & Investigations Subcommittee Hearing
January 26, 10:00 a.m., 2123 Rayburn Building

Judiciary Committee

"ICE (Immigration and Customs Enforcement) Worksite Enforcement - Up to the Job?"
Immigration Policy & Enforcement Subcommittee Hearing
January 26, 1:00 p.m., 2141 Rayburn Building

Tax Reform Hearings, Continued

time preventing American corporations from relocating to foreign markets.

Democratic Whip Hoyer hopes tax code reform can be an area of bipartisan collaboration as both parties seek to boost economic productivity, create middle-class jobs, and reduce the deficit.

Uncertain Prospects for Senate Filibuster Reform

Senate Democratic and Republican leadership continue to search for agreement around filibuster reform. Negotiations picked up late last week and into the weekend, with both parties set to discuss a potential compromise proposal Tuesday, January 25th in their respective caucus meetings. The latest compromise proposal, which is still being finalized, would prohibit secret holds (in which senators can privately object to a unanimous consent request to advance a bill or nomination), limit the number of non-controversial presidential appointments requiring Senate confirmation, and eliminate a senator's ability to demand that entire bills be read aloud on the Senate floor. This compromise appears likely to supersede an earlier and more aggressive reform proposal introduced by Senator Udall on January 5th which would eliminate filibusters against motions to proceed on legislation or nominations, prohibit secret holds, and require filibustering senators to remain on the Senate floor.